



**U.S. Department of Justice**

**Stephen J. Murphy  
United States Attorney  
Eastern District of Michigan**

*Suite 2001  
211 West Fort Street  
Detroit, Michigan 48226-3277  
Fax: (313) 226-3561*

**For Immediate Release:**

**Contact:** Gina Balaya (313) 226-9758  
Stephen Moore - IRS (313) 234-2410

Feb 21, 2007

---

**EVENT: Sentencing**

**Defendant: Ali Abdul Karim Farhat**

**FINAL DEFENDANT SENTENCED  
IN 17-MEMBER COMPLEX FRAUD SCHEME**

---

The last of seventeen defendants indicted in a large-scale scheme to defraud numerous credit card companies, banks, mortgage lenders and the bankruptcy court was sentenced today in federal court, United States Attorney Stephen J. Murphy announced today.

U.S. Attorney Murphy was joined in the announcement by Acting Special Agent in Charge Judith Chilen, Federal Bureau of Investigation, Detroit Division and Special Agent in Charge Maurice Aouate of the Internal Revenue Service.

Mr. Murphy said: "Today's sentence wraps up an extensive, multilayered fraud scheme involving credit card 'bust-outs,' mortgage frauds and bankruptcy frauds. These corrupt practices can be extremely difficult to detect, investigate and root out, and it is a tribute to the tireless efforts of the FBI, the IRS, and the prosecutors in our office who worked on the case that we have been able to successfully investigate and obtain convictions of all of the defendants involved in such a complex and varied artifice. Individuals who would attempt to

carry out illegal fraud schemes should be forewarned: those schemes will be detected and prison time may very well follow.”

“An entire family thought they had the skills to defraud the banking industry and the bankruptcy court system,” said Aouate. “The IRS Criminal Investigation Division will use their financial skills to make sure that this type of activity can only lead to prison.”

Between October 2006 and today, the following individuals, all but two of Dearborn, MI, were sentenced before U.S. District Judge John Corbett O’Meara after having entered guilty pleas in August 2006:

- Ali Abdul Karim Farhat, 42, was sentenced to 74 months’ imprisonment for conspiracy to violate the Racketeer Influenced and Corrupt Organization Act (RICO) and ordered to pay \$669,125 in restitution. As part of his sentencing, Mr. Farhat forfeited his business and \$72,621 in cash. In addition, Judge O’Meara ordered that Farhat be remanded to the custody of the U.S. Marshals.
- Sadek Berro (also known as Sam Berro), 51, was sentenced to 78 months’ imprisonment for conspiracy to violate RICO and ordered to pay \$1,224,003 in restitution.
- Abdulamir Berro, 38, was sentenced to 70 months’ imprisonment for conspiracy to violate RICO and ordered to pay \$669,125 in restitution.
- Akram Berro, 49, of Taylor, MI, was sentenced to 44 months’ imprisonment for conspiracy to commit bank fraud and mail fraud, bankruptcy fraud and conspiracy to launder money and ordered to pay \$521,657 in restitution.
- Jamal Berro, 51, of Taylor, MI, was sentenced to 46 months’ imprisonment for conspiracy to commit bank fraud and mail fraud, bankruptcy fraud and conspiracy to launder money and ordered to pay \$521,657 in restitution.
- Nassib Saadallah Berro, 61, was sentenced to 41 months’ imprisonment for conspiracy

to commit bank and mail fraud and was ordered to pay \$468,301 in restitution.

- Abdul Halim Berro, 41, was sentenced to 35 months' imprisonment for conspiracy to commit bank and mail fraud and was ordered to pay \$421,120 in restitution.
- Sami Ahmad Berro, 53, was sentenced to 27 months' imprisonment for conspiracy to commit bank and mail fraud and ordered to pay \$124,549 in restitution.
- Zeinab Berro, 43, was sentenced to 15 months' imprisonment for conspiracy to commit bank and mail fraud and was ordered to pay \$554,878 in restitution.
- Hussein A. Berro, 47, was sentenced to 14 ½ months' imprisonment for conspiracy to commit bank and mail fraud and ordered to pay \$352,500 in restitution.
- Amira Farhat, 42, was sentenced to 12 months' and 1 day imprisonment for bank fraud and fined \$4,000.
- Houda Mohamad Berro, 28, was sentenced to 12 months' and 1 day imprisonment for bank fraud in connection with false statements she made to obtain mortgage loans. As part of her sentencing, Ms. Berro forfeited the property obtained through fraud.
- Abdul Karim Akram Berro, 24, was sentenced to 10 months' imprisonment for false statements.
- Noura Berro, 49, was sentenced to 8 months' imprisonment for conspiracy to commit bank and mail fraud and ordered to pay \$124,549 in restitution.
- Salwa Nassib Berro, 41, was sentenced to 10 months' imprisonment for conspiracy to commit bank and mail fraud and ordered to pay \$468,301 in restitution.
- Almire Ali-Sadek Berro, 26, was sentenced to 3 years' probation for bank fraud.
- Lina Reda (née Berro), 26, was sentenced to 1 year probation for false statements

made to obtain a mortgage loan.

According to documents filed in the case, from March 1999 through April 2004, the defendants defrauded numerous creditors and the bankruptcy court through a large-scale credit card “bust out” scheme. As part of the scheme, Ali Farhat and Abdulmir Berro, aided by Sadek Berro, used their companies to process over one million dollars in credit card transactions for other defendants in exchange for cash and discounted merchandise, knowing that payment would not be made for the charges. The credit card companies and banks transferred funds to Ali Farhat and Abdulmir Berro in the amount of the charges to the credit cards but ultimately never received payment from the defendant-credit card holders. The defendants maximized the value they could obtain from the credit cards by making charges on the cards, submitting non-sufficient funds checks to free up the available credit on the card, and then making additional charges on the cards before the card issuers became aware that the checks were worthless. The defendants then took steps to evade collection efforts by creditors by declaring bankruptcy so creditors could not attach assets or otherwise collect on amounts owed. Through their bankruptcy proceedings, the defendants sought to avoid payment of nearly three million dollars in debt. Defendants also concealed assets from the bankruptcy court; many of the defendants “sold” their homes to their wives or adult children, who made fraudulent statements to qualify for mortgage loans. Some of the defendants also engaged in financial transactions designed to conceal assets and funds from bankruptcy court and creditors.

The investigation of this case has been conducted by the Federal Bureau of Investigation and the Internal Revenue Service. The case has been prosecuted by Assistant U.S. Attorneys Cathleen M. Corken and Barbara L. McQuade.